

# Summary of Business Rules for Accounting for and Reporting of Military Equipment

## Acquisition Date and Useful Life

### Objective

- Provide guidance on determining the acquisition dates and useful lives of end items to ensure consistency in application and compliance with Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*.

### Baseline Valuation Methodology

- Use the date in DD Form 250 (Block 22, Receiver's Use) to establish the end item acquisition date.
- Obtain estimated useful life from Program Manager.
- Include life extension resulting from Service Life Extension Program (SLEP) as part of estimated useful life.

### Mid-Term Valuation Methodology

- Use the date in DD Form 250 (Block 22, Receiver's Use) as the PP&E acquisition date, unless DoD determines that an alternative date is acceptable.
- DoD in consultation with Components will establish appropriate useful lives for major classes of military equipment based on an analysis of actual asset usage. 1/

1/ DoD will conduct a study and establish a useful life policy by September 30, 2005.